

Qualified Zone Academy Bonds (QZABs) vs. Qualified School Construction Bonds (QSCBs)

	QUALIFIED ZONE ACADEMY BONDS (QZABs)	QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCBs)
AMOUNT OF NATIONAL ALLOCATION	\$400 million for 2008 \$1.4 billion for 2009 \$1.4 billion for 2010	\$11 billion for 2009* \$11 billion for 2010*
TYPES OF PROJECTS THAT CAN BE FINANCED	Rehabilitating or repair of public schools (may include some construction/remodeling, within limitations) Providing equipment for use at schools Developing course materials for education to be provided at schools Training teachers and other school personnel	Construction, rehabilitation, or repair of public school facilities Includes costs of equipment to be used in portions of a public school facility being constructed, rehabilitated, or repaired Acquisition of land on which a public school facility should be constructed
WHO CAN ISSUE	States and political subdivisions of states (including many local education agencies ("LEAs"), such as school districts)	States, political subdivisions of states, certain Large LEAs, otherwise-eligible issuers in conduit financing issues, Indian tribal governments
MAXIMUM TERM	Set by Treasury each month	Set by Treasury each month
SPENDING LIMITATIONS	100% of proceeds (net up to 2% cost of issuance) + investment earnings must be spent on qualified expenditures within 3 years	100% of proceeds (net up to 2% cost of issuance) + investment earnings must be spent on qualified expenditures within 3 years
ADDITIONAL REQUIREMENTS	Must be issued with respect to "qualified zone academy," including requirement of reasonable expectation on issuance date that at least 35% of students will be eligible for free or reduced-cost lunches under National School Lunch Act Written commitments from private entities to make qualified contributions with present value of at least 10% of proceeds of issue Issuance must comply with state, local, and federal conflict of interest rules Construction/renovation projects must comply with Davis-Bacon prevailing wage requirements	Issuance must comply with state, local, and federal conflict of interest rules Construction/renovation projects must comply with Davis-Bacon prevailing wage requirements
TAX CREDIT FEATURES	Tax credit for year is sum of tax credit amount determined on four quarterly credit allowance dates (on each credit allowance date, credit amount is 25% of credit rate, multiplied by outstanding face amount of QZAB) Tax credit is nonrefundable Treated as interest includable in gross income Stripping of tax credit authorized by federal tax law, but not available until Treasury issues regulations	Tax credit for year is sum of tax credit amount determined on four quarterly credit allowance dates (on each credit allowance date, credit amount is 25% of credit rate, multiplied by outstanding face amount of QZAB) Tax credit is nonrefundable Treated as interest includable in gross income Stripping of tax credit authorized by federal tax law, but not available until Treasury issues regulations

*40% of the national limitation for each calendar year must be allocated among "large local educational agencies" ("Large LEAs"). Large LEAs are defined as (1) the 100 local educational agencies with the highest number of children between the ages of 5 – 17 from families below the poverty level, and (2) up to 25 local educational agencies determined by the U.S. Secretary of Education to be in particular need of assistance based on certain factors. Each state's allocation will be reduced by the amount that is allocated by Treasury to Large LEAs within the state.

THIS SUMMARY CHART DOES NOT CONSTITUTE LEGAL OR TAX ADVICE. DESCRIPTIONS MAY NOT BE COMPLETE AND CERTAIN REQUIREMENTS HAVE BEEN OMITTED FOR SAKE OF BREVITY. IF YOU DESIRE LEGAL ADVICE, CONSULT QUALIFIED LEGAL COUNSEL.



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